

Complaint

Miss C has complained that Vanquis Bank Limited (“Vanquis”) irresponsibly provided a credit card as well and subsequent credit limit increases to her.

She says that all of this credit was unaffordable and caused her continued financial difficulty as the repayments resulted in her struggling to repay and affected her credit rating going forward.

Background

In July 2015, Vanquis provided Miss C with a credit card, which had a limit of £500. Vanquis subsequently offered a credit limit increases to £1,250.00 in March 2016, £2,250.00 in August 2016, £3,000.00 in January 2017, £3,500.00 in July 2017, £4,000.00 in February 2018 and finally £3,000.00 in May 2023¹.

In January 2025, Miss C complained saying that the credit card and the limit increases Vanquis provided were unaffordable and caused her continued financial difficulty as the repayments resulted in her struggling to repay essentials and having to take out further lending.

Vanquis didn't uphold Miss C's complaint. Miss C remained dissatisfied after Vanquis' response and referred her complaint to our service. When it provided its file of papers Vanquis told us that it believed Miss C had complained about all of the lending decisions bar the final limit increase too late.

One of our investigators reviewed what Miss C and Vanquis had told us. She thought that she hadn't seen enough to be persuaded that Vanquis failed to act fairly and reasonably either when initially providing Miss C with her credit card, or the credit limit increases. This meant that the investigator didn't recommend that Miss C's complaint be upheld.

Miss C disagreed with the investigator's conclusions and asked for an ombudsman to look at her complaint.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Basis for my consideration of this complaint

There are time limits for referring a complaint to the Financial Ombudsman Service. Vanquis has argued that Miss C's complaint was made too late because she complained more than six years after the decisions to provide the credit card and all of the credit limit increases bar the final one; as well as more than three years after she ought reasonably to have been aware of her cause to make this complaint.

¹ This was after Miss C's credit limit had been decreased to £2,100.00 in March 2020.

Our investigator explained why it was reasonable to interpret the complaint as being one alleging that the relationship between her and Vanquis was unfair to her as described in s140A of the Consumer Credit Act 1974 (“CCA”). She also explained why this complaint about an allegedly unfair lending relationship had been made in time.

Having carefully considered everything, I’ve decided not to uphold Miss C’s complaint. Given the reasons for this, I’m satisfied that whether Miss C’s complaint about the specific lending decisions was made in time or not has no impact on that outcome.

I’m also in agreement with the investigator that Miss C’s complaint should be considered more broadly than just the lending decisions. I consider this to be the case as Miss C has not only complained about the respective decisions to lend but has also alleged that the repayments unfairly resulted in her struggling to repay and having to take out further lending going forward.

I’m therefore satisfied that Miss C’s complaint can therefore reasonably be interpreted as a complaint about the fairness of her relationship with Vanquis. I acknowledge Vanquis still doesn’t agree we can look at Miss C’s complaint, but given the outcome I have reached, I do not consider it necessary to make any further comment or reach any findings on these matters.

In deciding what is fair and reasonable in all the circumstances of Miss C’s case, I am required to take relevant law into account. As, for the reasons I’ve explained above, I’m satisfied that Miss C’s complaint can be reasonably interpreted as being about the fairness of her relationship with Vanquis, relevant law in this case includes s140A, s140B and s140C of the CCA.

S140A says that a court may make an order under s140B if it determines that the relationship between the creditor (Vanquis) and the debtor (Miss C), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship. S140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given Miss C’s complaint, I therefore need to think about whether Vanquis’ decision to lend to Miss C and increase her credit limits, or its later actions resulted in the lending relationship between Miss C and Vanquis being unfair to Miss C, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Miss C’s relationship with Vanquis is therefore likely to be unfair if it didn’t carry out reasonable enquiries into Miss C’s ability to repay in circumstances where doing so would have revealed the credit card or limit increases to be irresponsible or unaffordable. And if this was the case, Vanquis didn’t then remove the unfairness this created somehow.

Were the decisions to provide the credit card and subsequent credit limit increases unfair?

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Miss C's complaint.

Bearing in mind Miss C's response to our investigator, I think that it would be helpful for me to set out that we consider what a firm did to check whether any repayments to credit were affordable (asking it to evidence what it did) and then determine whether this was enough for the lender to have made a reasonable decision on whether to lend.

Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower's ability to repay.

That said, I think that it is important for me to explain that our website does not provide a set list of mandated checks that a lender is expected to carry out on every occasion. Indeed, the requirements have not and still do not mandate a list of checks that a lender should use. Any rules, guidance and good industry practice in place over the years has simply set out the types of things that a lender could do when considering whether to lend to a prospective borrower.

It is for a lender to decide which checks it wishes to carry out, although we can form a view on whether we think what was done was fair to the extent it allowed the lender to reasonably understand whether the borrower could make their payments. Furthermore, if we don't think that the lender did enough to establish whether the repayments that a prospective borrower might have to make were affordable, this doesn't on its own mean that a complaint should be upheld.

We would usually only go on to uphold a complaint in circumstances where we were able to recreate what reasonable checks are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

Vanquis says it initially agreed to Miss C's application and the credit limit increase after it obtained information on her income and carried out a credit search. And the information obtained indicated that Miss C would be able to make the not especially high monthly repayments due for this credit card.

On the other hand, Miss C says that the credit card and the subsequent limit increase were unaffordable and caused ongoing hardship as she was unable to pay for essentials and had to borrow from elsewhere as a result of the payments she had to make to Vanquis.

I've considered what the parties have said.

Vanquis' decisions to provide the credit card and the first limit increase

What's important to note is that Miss C was provided with a revolving credit facility rather than a loan. This means that to start with Vanquis was required to understand whether Miss C could repay £500 and then £1,250.00 within a reasonable period of time. It's fair to say that the required monthly payments in order to clear the full amount that could be owed, as a result of a credit limits of £500 and £1,250.00 weren't especially high.

I've seen records of the information Vanquis obtained from Miss C about her income and what was on the credit search carried out. The credit search showed that Miss C didn't have any significant adverse information - such as defaulted accounts or county court judgments ("CCJ") recorded against her at the time of the application or when she was offered the limit increase.

The credit search also showed that Miss C was also managing what she already had relatively well too. Vanquis also says that Miss C declared she received around £14,000.00 a year.

Vanquis argues that the information that Miss C declared on her income combined with the credit file information meant that it was reasonable to conclude that Miss C could afford this credit card.

Having reviewed the information obtained and bearing in mind the low monthly repayments required to clear a balance of £500 within a reasonable period of time, I'm in agreement with this conclusion. Furthermore, from what I've been able to see that Miss C also appears to have been making payments commensurate with repaying the amount of the first limit increase within a reasonable period of time, before her limit was increased too.

As this is the case, I'm satisfied that it wasn't unfair for Vanquis to offer Miss C a credit card with a limit of £500 in July 2015, or to have increased her credit limit to £1,250.00 in March 2016.

Did Vanquis carry out reasonable and proportionate checks before deciding to offer the credit limit increases to Miss C?

As I've explained in the background section of this decision, Vanquis increased Miss C's credit limit on a further five occasions. It firstly increased Miss C's credit limit to £2,250.00 in August 2016, £3,000.00 in January 2017, £3,500.00 in July 2017, £4,000.00 in February 2018 and finally £3,000.00 in May 2023.

Vanquis' records appear to suggest that it wasn't aware of Miss C having any additional CCJs, or defaulted accounts, recorded against her at the respective times of these limit increases. Nonetheless, as Miss C was being provided with limits of between £2,250.00 and then £4,000.00, the amount Miss C could owe and could have to pay each month leads me to think that Vanquis to have found out more about Miss C's income and expenditure before providing these credit limit increases.

As I can't see that Vanquis did obtain this information from Miss C, I'm not persuaded that it carried out reasonable and proportionate checks before providing the final five limit increases.

As Vanquis didn't carry out sufficient checks before the final five limit increases were offered, I've also gone on to decide what I think it is more likely than not to have seen had it obtained further information from Miss C. In order to do so, I've looked at the information Miss C has enabled us to obtain with a view to recreating what a proportionate check, at the relevant times, is likely to have shown.

To be clear, I've not carried out a forensic analysis of Miss C's bank statements in order to determine whether the credit card payments that could be due, if Miss C used all of the extra credit provided, were affordable for her. After all, Vanquis wasn't required to obtain bank statements from Miss C. I've simply considered what Vanquis is likely to have done if it had taken reasonable steps to obtain the information that I think was missing from its checks.

As I've explained, bearing in mind the circumstances here, I would have expected Vanquis to have supplemented what it would have found out about Miss C's existing credit commitments, from the credit searches it carried out, with information about Miss C's actual income and her regular living expenses.

Having considered everything, I'm satisfied that the information provided does appear to show that Vanquis finding out more about Miss C's actual income and regular living expenses is unlikely to have seen it reach a different lending decision. I say this because it looks like when Miss C's regular and committed living expenses at the time are added to her credit commitments and then deducted from the funds she received, she did have sufficient funds left over in order to make sustainable repayments to this additional credit.

I do sympathise with what Miss C has told us about her situation and it's clear that she's gone through a very difficult period. I've also considered the fact that Miss C has said she wasn't employed and was in receipt of benefits at the higher rate. However, I do think that it would be worth me emphasising that there isn't an automatic prohibition on lending an individual on benefits.

Indeed, such an approach would be arbitrary and a lender is unlikely to have acted fairly and reasonably in circumstances where it automatically declined an application on this basis. What I'd expect a lender to do is only lend should it determine that the lending was affordable and as I've explained the information I've reviewed does indicate that Vanquis carrying out further checks is unlikely to have prevented it from lending to Miss C or offering to increase her credit limit.

For the sake of completeness, I've also considered that the limit increases were offered over a period of approaching eight years from the date that the account was initially opened. Equally, Miss C didn't all of the limit increases either. So I don't think that Miss C's pattern of lending and account usage in itself means that she shouldn't have been provided with the limit increases.

Overall, and based on the available evidence I don't find that Miss C's relationship with Vanquis was unfair. I've not been persuaded that Vanquis created unfairness in its relationship with Miss C by irresponsibly lending to her whether when initially agreeing to provide her with a credit card, or in respect of the limit increases. I don't find Vanquis treated Miss C unfairly in any other way either based on what I've seen.

So overall and having considered everything, while I can understand Miss C's sentiments, sympathise with what has clearly been a difficult number of years for her and appreciate why she is unhappy, I'm nonetheless not upholding this complaint. I appreciate this will be very disappointing for Miss C. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Miss C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 9 March 2026.

Jeshen Narayanan
Ombudsman

